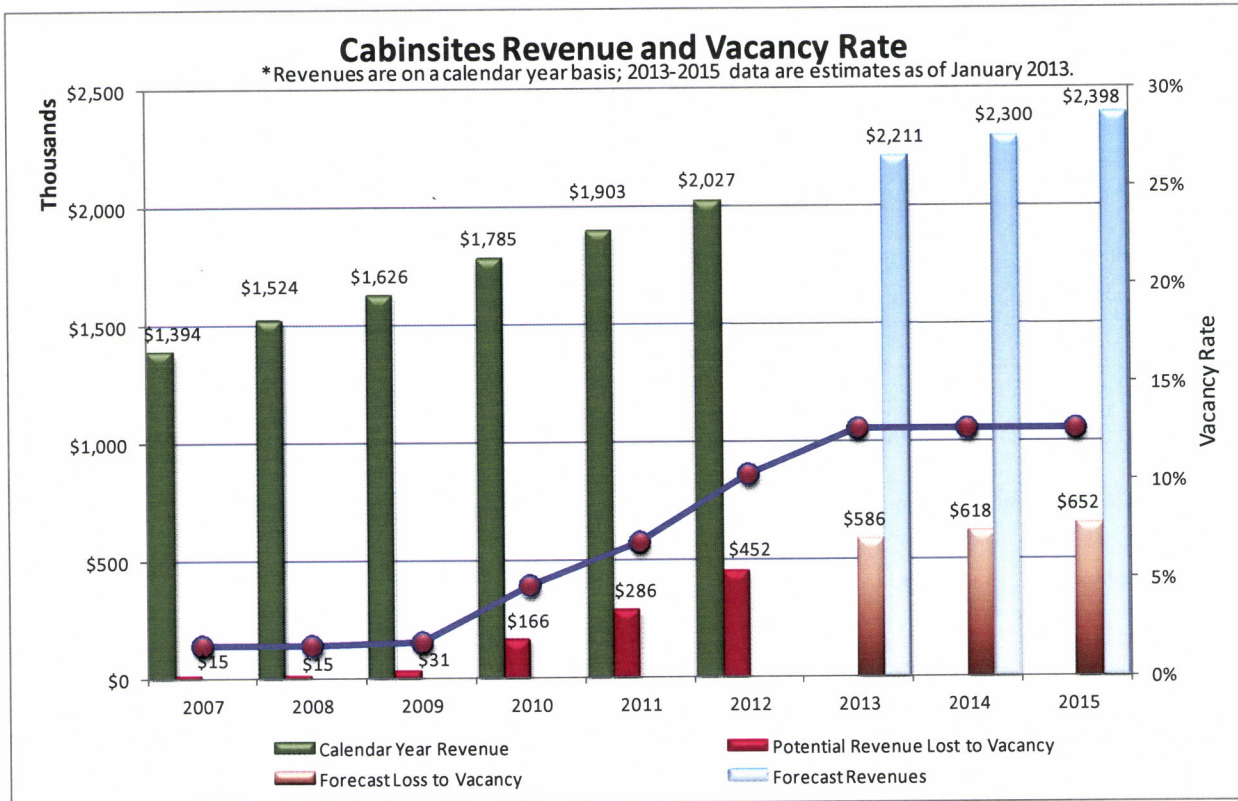


## Forecast Cabinsites Revenues and Vacancy Losses through 2015

January 8, 2013



Most cabinsites are now paying rents as calculated by a method commonly referred to as Alternative 3B, or "Alt. 3B." The 2003 Dept. of Revenue appraised value of a cabinsite is increased by 6.53% annually for 6 years to create an Adjusted 2009 appraisal. This 6.53% annual appreciation reflects similar data from 3 different sources measuring Montana appreciation rates over the past 20-35 years. The Alt. 3B Base Rent in 2010 is set at 5% of the Adjusted 2009 appraisal value.

For each year after 2010, the Base Rent is increased no more than 6.5% and no less than 3.25%, depending on a "Lease Fee Indicator" which depends on appreciation and the annual change in CPI. All Alt. 3B rents will be reviewed at the end of 2024 in comparison with the newest DOR appraisals available. If the Alt. 3B rents have either climbed too far above, or dropped too far below, 5% of the most current DOR appraisal, then rents will be adjusted.

Alternative 3B's methodology was intended to match the long-run increase in Montana residential real estate values, while avoiding either rapid jumps in rent for lessees in "hot market" years or surprise drops in revenue to beneficiaries in years with real estate market drops.